Minutes
Board of Natural Resources

August 27 & 28, 2002 Retreat
27th SE Region Tours
28th Heathman Lodge, Vancouver WA

BOARD MEMBERS PRESENT

Doug Sutherland, Commissioner of Public Lands
Bob Nichols for Governor Gary Locke
Terry Bergeson, Superintendent of Public Instruction
Glen Huntingford, Commissioner, Jefferson County
Bruce Bare, Dean, University of Washington, College of Forest Resources
James Zuiches, Dean, Washington State University, College of Agriculture and Home Economics

AUGUST 27, 2002 TOUR PRESENTATIONS DAY 1

GEORGE SHELTON'S PRESENTATION – KLICKITAT PUD (Handout 1)

Doug Sutherland: George Shelton is the Assistant Region Manager in this area and is responsible for this district. Last year at this time Mr. Shelton was faced with a huge fire. Shortly afterwards, they put together a program to go into that burn, put together a sale to take out the damaged materials, brought it to the Board in December, it went to sale, and we did very well. While we've been tracking that particular process, we also become more aware of other issues in this region's forest health. The lower Cascade Range and moving north, we have seen an ever increasing amount of difficulties in managing an overstocked forest and as a result of that, the health of our forests is being significantly impacted. Mr. Shelton and others today will make you aware of just how serious an issue this is. Today, we will talk about how we are going to deal with this.

George Shelton: We have been working on this issue for almost two years and today you are going to be on a fieldtrip looking at the Glenwood block and the associated forest assessment that we have done there. This presentation is on the Ahtanum block, which is north of the Yakama Reservation and you will be flying over that later this morning. You will see both landscapes from the air and the assessment process you are going to see has been duplicated on both landscapes. We are very proud of this. This is a big effort for us and you will sense it as we go through it. The success of the project was determined by communications and relationships both internal and external to the agency. This is our landscape assessment for forest management. In Southeast Region and Eastern Washington we have huge forest health problems and you will see and hear that today.

What we have is non-sustainable forests. Our volume and our forests under our trust ownership is less than what we had last year and what we have this year will be less next year than we have this year. You will hear a lot of discussion today regarding the HCP. The HCP is a well-written document and allows a

lot of flexibility in adaptive management, but the first strategy for a lot of our lands is not biologically feasible. We can't just grow the forests described in the HCP.

Bruce Bare: You are saying that it is not ecologically sustainable?

Mr. Shelton: Correct.

Bruce Bare: Maybe not economical either, but certainly not ecological. Is that right?

Mr. Shelton: Correct, but we do think it is economically sustainable but with a different definition of habitat. Our goal through this process is to create a healthy sustainable forest and meet our HCP conservation objectives. The three eastside HCP planning units do not provide multiple species protection. Ours is only for the nine listed species and we feel that we not only meet our HCP objectives, but we can provide diverse habitats for multiple species protection.

Terry Bergeson: You are supposed to keep how many?

Mr. Shelton: There are nine listed species that are covered under our three planning units. Logging practices, risk tree selection, fire exclusion, and our grazing has changed the cover type of our forest. Our forest no longer looks like it did at the time of statehood. We have more trees per acre and different trees per acre. Instead of ponderosa pine and larch we have grand fir and Douglas fir. This has created an environment conducive to the forest health epidemic that you are going to see from the air today as well as the catastrophic wildfires that we are hearing in the news in Oregon, Washington, Colorado, and throughout the west coast.

Terry Bergeson: You are saying that at statehood there were fewer and different trees over here?

Mr. Shelton: Correct.

Terry Bergeson: What have those three things done to create this problem? What has grazing done? Why would grazing make more trees?

Mr. Shelton: Grazing has reduced the fine fuels for the forest. When you have a fire you would have those very light, low intensity fires that would cover lots of acres, but with very little damage, except reducing the underbrush and reducing the Douglas fir and grand fir. Grazing can actually reduce the size of the fire and increase the intensity of the fire, because it changed the fuel that was burning hence it changed the type of fire we have.

Terry Bergeson: So they graze, what happens? It's short grass, so they jump up the tree?

Mr. Shelton: No. It wouldn't jump up into the trees, because it didn't have a lot of understory trees, but when grazing comes in they eliminate those fine fuels that carry the fire. They also allowed more trees to grow, which created heavier fuels, so the fires got bigger and you changed the fuel type that the fire was burning and you increase the fire intensity.

Bob Nichols: Can you talk briefly about fire exclusion and logging practices?

Mr. Shelton: Fire exclusion is where we jumped on the fires and kept them small and instead of fires that burn up the under story and the brush, we allowed the under story and brush to grow up to bigger trees

and more trees, therefore, the fire intensity increased, as we have changed the fuel that the fire was burning.

Jim Zuiches: So, after grazing, fire exclusion, and taking out the big trees, was there natural propagation that favored the Douglas fir and grand fir?

Mr. Shelton: Yes. What we would typically have after fire would be lodgepole. You will see this on the ground on all of our stops today. On the map the green shows stands that we have identified as being understocked. The light pink are stands identified as being overstocked and then there is a crosshatch, which makes these pink ones look darker and those are the stands that are not only overstocked and understocked, but the wrong species. One of the indicator species we have is the Spruce Budworm but the Budworm is really not the problem. The problem is that we have too many trees and we have the wrong trees on our landscape and the Spruce Budworm is an indicator species.

In Yakima County you can see out of 600,000 acres we have about 236,000 that are highly impacted, almost the same amount moderately impacted, and some lesser. The highly impacted area (the Douglas Fir and Grand Fir) is almost certain to die and you will see that from the air today. On the map, the red is the high, the gold is the moderate, and the yellow is the lighter infestation. This map was taken a year ago. Rimrock Lake has been hit hard. We now have it north of Ellensburg, so it's spreading rapidly. But it's only an indicator of the real problem.

Glen Huntingford: Has the Spruce Budworm always been in the forest?

Mr. Shelton: Yes.

Glen Huntingford: And the only reason that we are getting more and more of these critters is because of the way the stand is put together and they fall from tree to tree?

Mr. Shelton: It's an endless salad bar.

Mr. Shelton: Today you will fly from Goldendale across Glenwood. We will go to the Ahtanum where we had the fire last year. Then we will come south through the Yakama Reservation and see how they have been treating their stands.

Jim Zuiches: You show that the reservation is having the worst conditions. What are the tribes doing about this?

Mr. Shelton: The tribe has shown real leadership. In fact we are following in their footsteps. We have worked closely with the tribal council members and foresters. They have been helpful in providing support to us in allowing us to learn from their mistakes and their successes.

Terry Bergeson: So you're going to talk more about their successes?

Mr. Shelton: We hope to do that. Our objective is to move the forest back to more of what it looked like at the time of statehood.

Terry Bergeson: What does seral mean?

Mr. Shelton: The seral forests were more resistant to insects and disease. A lot of insect and disease problems are transmitted because of the stocking conditions in the forest. It's easier to transmit when

trees are closer together. Because we had fewer trees, the trees were more vigorous; there was less root rot, which made the lumber more valuable, and there were fewer large catastrophic fires. Our approach is simple, we're not going to chase the bugs, we're not going to chase the Spruce Budworm; we're not going to focus on the symptoms, we're going to focus on the cause. We have got too many trees and we have the wrong trees.

So, how are we going to do this? We have 270,000 acres of forestland in Southeast Region and we need to do something on almost every acre, certainly 200,000 of it. We struggle greatly to say, how do we treat the forest we have today? We are dealing with forest cover type. So, instead of worrying about what we have, let's think about what the forests should look like. What should our desired future forest be and then let's plan accordingly. In order to get there we needed to organize our landscape and decided to use plant associations. Plant associations are named after the late seral species and are the climax species.

Terry Bergeson: What is a plant association?

Mr. Shelton: If you are out in the woods and walking up the hill your rainfall will start increasing as you go west and as the rainfall increases you will notice the ground vegetation change from drought tolerant plants to plants that can use more water. The types of trees change as well.

Glen Huntingford: You are talking about making some changes in the forest to correct the problem and go back in time. It may be 100 or 200 years before you see that. Let's say you take a section of this ground and start making those changes now to try and get the pine back in and get the grass growing in there. How do you measure that and know if you are gaining that? Are you going to reintroduce fire to keep that stuff burned off on the low side? In 20 or 30 years, if you take out all of the trees and do a thinning, all of those seeds are going to come down and you will have more small trees grow and it may be 200 years before you have a fire that comes through and burns it and then the trees may be tall enough that you are back to where we are today? Does that make sense?

Mr. Shelton: It not only made sense, but that is a very good question. That question will be the basis for our field trip. You will see how we are planning on addressing that question at every stop we make today.

Our late seral stands are at the end of the pathway and they are ready to be renewed. This is a forest that is waiting for something to happen so that it can be renewed. These are overstocked forests that are susceptible to insects, disease, root rots, bark beetle problems, etc. Old growth forests are difficult to manage depending on the old growth stand and definitions, because it's a forest in decline. There are a lot of critters out there that can't survive if you don't have that structure. You need to manage the landscape for the seral species and maintain islands of late seral. You will see that throughout our approach today.

Our plant associations were another ah-hah. We take our ownership and then add the restraints - HCP restraints; procedures; our forestry handbook; forest practices rules and regulations; many other rules; and as we began looking at all of those constraints we found ourselves painted into a corner in how to solve these issues.

Terry Bergeson: You really had to say, if we could just manage this together to cover the objectives without restraints every step of the way, how would we do it?

Mr. Shelton: When you look at each individual timber sale and you are trying to meet all the policies, direction, issues, and emotions, you can't do it. If you try and look at those same issues over a

landscape, you can find success because there's room for everybody. We will also identify our desired future forest condition; we will model our current stand; we will take our current cover type; and use computer modeling through the Forest Vegetation Simulator (FVS) to show how we will meet our desired future conditions.

Bruce Bare: I can understand frigid south and frigid north. Frigid warm - what does that mean?

Mr. Shelton: This is tied to soils with Frigid being a soils classification.

Mr. Shelton: This is the grand fir series. We will manage it towards the seral structure, which is a ponderosa fir and preferably no more than 10% grand fir. The relative density should not exceed 40 so when we are taking our inventory and the density approaches we need to start addressing our stocking control.

Glen Huntingford: So, you are talking about 40 stems per acre?

Mr. Shelton: No. The next one will be trees per acre and that is 140 to 160 trees to per acre.

Glen Huntingford: What is the 40?

Mr. Shelton: That is the relative density.

Mr. Hulsey: Basically, the bigger the number, the more competition there is.

Mr. Shelton: There is a cut-off point for our dispersal habitat. Under HCP it's 11 inches, 40 trees per acre, 11 inches and larger, so this desired future forest would far exceed our HCP. Also, we want snags, down wood, large diameter trees, thickets, the things that make it a forest. The word ample is focused on (we didn't want minimums or maximums or sufficient) because depending on where you are on the landscape, and the critters that occupy that landscape, you may need more of something and less of something else and we want to make the right decisions and provide an "ample" amount of what is needed.

Jim Zuiches: How good are the biologists at monitoring and keeping track of the changes over time regarding critters and their presence, their absence, their activity, and their inactivity?

Mr. Shelton: That's a weak part. This is a biologically driven methodology that will bridge some gaps for the biologists. As we look at this landscape we want to identify areas that would not be our traditional management areas and those would be streams, unstable slopes, low side, and high elevation areas above 4,500 to 5,000 feet. In the Ahtanum, that is about a third of our landscape.

Doug Sutherland: A lot of this is ownership by other state agencies?

Mr. Shelton: We are dealing with all of those people on potentially blocking up within this ownership. In Eastern Washington all of the forestland owners feel the same pressure. You can't maintain a road system, particularly in the Road Maintenance and Abandonment Plan and guidelines, when you only own and control every other mile of road. You can't put meaningful streamside protection in when you are managing every other mile of stream. We need to block up in order to gain efficiencies and do a better job managing our lands.

Now that we know what we want the forest to look like, how are we going to get there? We pulled the foresters together and had a meeting and decided we need to go out and verify our data and our basic unit of assessment would be the Wild and Watershed Administrative Unit (WAU). We decided it would take us about four years to work through the whole region. We are looking at about a fifteen-year timeline to implement all of those suggestions to move us toward the desired future forest condition. If the fifteen-year timeline rings a bell, it's because we're doing that with Road Maintenance and Abandonment Planning. It seems to work for us there, so we decided to use it. We are in year one of the four years.

If we did all of this work, this would remove about 53 million board feet off of this landscape and would leave approximately 200 million board feet. So, if we implemented that 15-year plan you would see that 5,100 acres would meet dispersal habitat requirements and 3,300 acres would not meet dispersal habitat requirements as they are currently defined. Our requirement would be to maintain 50% of our ownership in dispersal habitat. So, we could remove 53 million board feet off this landscape and be way above our thresholds for the HCP and we would have a healthier and more sustainable forest.

Glen Huntingford: Will you make enough money to implement this plan through the harvest you are talking about?

Mr. Shelton: Yes. We have just held our second purchaser meeting. We bring the purchasers on board and show them the type of sales that we are looking at. We are gathering their input on how we can put up sales that will make them more money and make us more money in return, and also get more bids.

Jim Zuiches: Given the fact that we have an opportunity to continually use new knowledge that we have generated to negotiate the HCP, can we go back to Fish and Wildlife?

Mr. Shelton: We are already doing that. We plan to have a new strategy by the end of this calendar year. We continually work with U.S. Fish and Wildlife Service and Department of Fish and Wildlife to update habitat definitions and we will probably have a slightly different habitat definition for each planning unit and maybe little tweaks with each vegetative series as it applies to each planning unit. Instead of 90 feet and 70% we might have 86 feet and 65%. An owl wouldn't know the difference.

We also examine our NRF commitment. We want to talk about what our role is for our natural management areas, which did not exist in our HCP. We are talking about this late seral refugia retaining islands of these older forests. That didn't exist in our previous negotiations with the HCP and we want to protect those. This is consistent with the Forest Resource Plan.

Young common habitats, which currently aren't required under our HCP, are consistent with the Forest Resource Plan and we will have that shortly. Instead of an HCP where you have square blocks of designated habitat in NRF or dispersal, we want something that fits the grounds, which ties to our ability to grow what we think our commitment is.

The uncommon habitats: Our HCP says we are to protect those habitats and species and we have been doing that. Our foresters read the HCP and said we are protecting these under the Forest Resource Plan and have been incorporating the Westside HCP protection measures. We also have forest practices rules, which provide fish protection, which we did not have when the HCP originally came out. A lot of you have seen the three circles - environmental, economic, and social - and somewhere in the middle is the balance, your sustainable harvest, and our HCP forest. But we are a long way from there. We are in a totally non-sustainable forest because it is overstocked. We need to remove "X" amount of volume to get down to a sustainable forest to determine where we are going to manage that for sustainable harvest calculation and our desired future forest. In order to determine how big "X" is our cartographers got

together with Dave Wisher and modeled a way of doing this. Using our FRIS inventory and entering our desired future stand condition tied to relative density, taking individual trees or groups of similar trees and removing the least desirable trees until we get down to the desired future stand condition, which meets our relative density target.

Terry Bergeson: What is FRIS?

Mr. Shelton: Forest Resource Inventory System.

Bob Nichols: Are you going after these individual trees? Is it like a selective cut?

Mr. Shelton: It depends on the stand.

Bob Nichols: You're actually hand-picking each tree that you're taking out?

Mr. Shelton: Or saying, remove all grand fir because that's one of the tree species we don't want. Any Douglas firs over 30 inches in diameter remain for example.

Bob Nichols: Who takes out the small, uneconomical trees?

Mr. Shelton: We will have a contract clause that the logger will slash them or we will come back afterwards and slash them with our own contractor.

Bob Nichols: What would you do with the slash?

Mr. Shelton: Depending on the size, it would be left laying on the ground.

Jim Zuiches: Are the health conditions the same as you move west toward the crest of the cascades? Are the health conditions similar to what they are in the Ahtanum?

Mr. Shelton: There are different critters that are causing different problems. We have more beetle problems as you get into those stands. In the Ahtanum we are looking at a couple issues. One is that we need to reduce our open road density in the Ahtanum. It runs from 1.5 to 4.3 miles per section. We want to reduce our open miles of road 2 miles per section and that is a real heavy wildlife benefit and we are working with over 26 identified user groups in the Ahtanum. We have annual meetings and there is a meeting coming up shortly. We will be talking about this process at that meeting to get their input. When we showed this program to the Yakamas they wanted this added. Although it's not specific for the Ahtanum, we've got a very good working relationship and a system with the Yakama Nation and archeology model. We have built trust because almost all of our field foresters have gone through the cultural resource training; they find cultural resources on the ground and they record them and we get the agency archeologist Lee Stilson to write a site-specific, site protection plan.

We can't sell sales if nobody is going to buy them. We have been working very closely with Jon Tweedale and others to develop markets and different ways of marketing this wood. We are looking at equipment on railway cars and shipping to California to where the markets are.

Terry Bergeson: You need to get the Eastern Washington legislators together and give them this presentation. They should be so happy with this. This is great.

Mr. Shelton: I'm sure it could be arranged. I have given this presentation several times. We showed this to U.S. Fish and Wildlife Service, local Fish and Wildlife biologists, Yakima Nation, and our forest practices people. We had a two-day field tour with everybody because that is really where decisions need to be made.

The last bullet, which is the crux of this, is based on the assessment process that I just presented. We really feel that we are going to have a biologically designed, ecologically sound, operationally feasible, doable, and growable forest strategy that is consistent with the HCP by the end of this calendar year. We have dates scheduled for the end of September and the first week of October to go out and field-truth this ecologically sound operational strategy that is being developed by U.S. Fish and Wildlife Service and State Fish and Wildlife Service as we speak.

Doug Sutherland: Without extra staff and without extra budget.

Mr. Shelton: With very little budget and certainly no new software or hardware.

Jim Zuiches: Have you been critiqued by the Fish and Wildlife Service? Have their experts looked at this and said, we think this could be done this way? Have alternatives been presented?

Mr. Shelton: They have been involved with this are very supportive of it.

Jim Zuiches: I am imagining the headlines would read, DNR plans 600 million board feet cut in Eastern Washington and it sounds like opening up to the timber companies to come in.

Mr. Shelton: The outcome of this presentation, the outcome of this assessment process, and the outcome of this strategy is actually being designed with a team of U.S. Fish and Wildlife Service, U.S. Fish and Wildlife, and DNR. This is not a DNR project we would take to them and say, look what we have done. It's going to be a team strategy that we will take to the world and say look what we have done.

Terry Bergeson: And you have the tribes with you, too.

Mr. Mackey: There is something subtle here that we need to make a change in, which is emphasizing the outcomes, what we are creating. Instead of calling it our sustainable harvest model, it really is a sustainable forest outcome. Harvesting is one of the tools we use to get there.

Jim Zuiches: I think that your regional logo also makes the point.

Glen Huntingford: How much did the expedited process we went through for the fire sales work with this?

Mr. Shelton: Good question. There were two benefits that came out of it. We could not have been successful in that expedited process without the support of the tribal people, without State Fish and Wildlife, and the U.S. Fish and Wildlife Service. If any one of them had come out on the ground and said you can't do this, we could not have been successful. They take great pride in the fact that they were part of that. These relationships have carried over to this process.

BIRDCREEK CAMPGROUND PRESENTATIONS (Handout 1)

Steve Brown: Klickitat District is primarily in Klickitat County. We have a small portion of Yakima, which is approximately one township and we have about 5,000 acres of Skamania County down on the Columbia Gorge. We have approximately 125,000 acres of forest-lands that are managed in the District. There is probably another 30 to 40,000 acres of agricultural land that are managed by Mark Bohnet out of

the Tri-Cities area. We have traditionally harvested about 20 million board feet a year off of that 125,000 acres. It is in the Klickitat Eastside Habitat Conservation Planning Unit.

Mr. Boyum: What we are going to do on the ground this afternoon is to show you what we showed you from the air. We are talking about how we are adaptively making change in the region to create sustainable forest. So with that, we turn to Jack Hulsey.

Mr. Hulsey: Regarding sustainable forest management, a lot of the discussion has been on the Sustainable Harvest Calculation. I would like to spend just a couple of minutes discussing where we have been, where we are now, and where we are headed.

We have been focusing a lot of time and energy on a particular tool, and that is the use of options, a sustainable harvest model, but what we really want to look at is a goal orientated outcome and focus on what we want the forest to look like. We have seen some examples both from the air and from computer models and PowerPoint presentation and you are going to see some things on the ground to help facilitate some of these discussions. What we are trying to do is show what works and what some of the unintended consequences were when applying certain policies over certain landscapes and how we learned from that.

To date, we have completed the initial sustainable harvest model from the information that has been previewed with the public and with individual Board members. We have conducted sensitivity analyses to explore the major policy and management issues, which have been identified by the Board, and we developed evaluation criteria to assess the EIS alternatives. In the process of evaluating the sustainable forest management, we are really dealing with all three circles that we talked about the use of the major model outputs. The Sustainable Harvest Calculation is really part of the larger policy discussions that the Board has been having about sustainable forest management.

What has the last year and a half provided us? It has provided opportunities to debate and gain input both from the public and the Board. It has provided us with a framework for policy simulation to look at how our policies may work over time and over space. We have had recent public meetings to explain the model results and the outcomes both in Bremerton and Everett. Taking this information from the public comments, from Board members, from the Technical Committee, from the scoping process, and other pieces of information, has provided significant data that lead to the development of EIS alternatives.

As you have seen in some of the Board meetings and during the scoping process up in Bremerton and Everett, we had a wide variety of opinions about what the forest should look like. Taking all of the older forests as a simple case study, some parties say cut it all, other parties say save it all, and a variety of opinions expressed in-between. But, the Board ultimately will provide direction to the Department about what an appropriate strategy is to balance various types of issues. You have seen the initial results from the earlier modeling runs, and you have heard a lot of discussion about Tiers 1, 2, and 3. These are modeling concepts, which were useful at one point. We are going to leave behind that language of Tiers 1, 2, and 3 and we are moving into SEPA-type language. We are going to be talking about alternatives. As you step back and reduce hundreds of comments pulled from our reviews, it seems to come down to four major questions:

1. How do you manage the conservation benefits? Zoned or un-zoned?
2. How intensely should the DNR manage? A shorter or longer rotation?
3. How should the harvests be organized? On a trust-by-trust basis or should we look at different kinds of aggregation?

4. How much old-growth forest should there be? A little or a lot? How do we get there over time and over the state?

The answers to these four questions provide a framework to develop draft EIS alternatives. These are offered up to you as a possible range of suggestions. These aren't necessarily the final alternatives that you need to actually select during the final EIS. The DEIS alternatives are designed to help bracket an array of policy options. The DEIS alternatives are designed to meet the purpose and need statements, which were identified during the EIS scoping process. The purpose and needs are to:

Meet Federal and State Statutes
Meet our Trust Mandate
Produce near and long-term revenue
Meet HCP Goals
Multiple species habitat conservation
Certainty and predictability of: Conservations benefits; financial support for the beneficiary

During this intervening year the Board will have an opportunity to learn more from the public, the SEPA analysis, prior to crafting the final preferred alternative. The Board can mix and match components of the seven alternatives. The Board is not limited to any of the proposed alternatives when they select the preferred alternative for the FEIS. What we are heading for in September is input from the Board about what the draft EIS alternative should be. What you are seeing is a teaching tool to learn by doing and learn by listening, and to come up with policy alternatives that the Board is comfortable with and hopefully will give the Department a decision that will get DNR started on the draft EIS starting in September. So, that is our overview.

Bruce Bare: If the Board wanted to look up a different land ownership configuration that is presently identified in alternatives 1 through 7, is that possible?

Mr. Hulsey: Yes.

Bruce Bare: I'm thinking that if we wanted to do it trust by trust, which isn't part of alternative 1 though 7, but was examined in the sensitivity, would that be within the range that you mentioned that we could still do, even though alternatives 1 through 7 do not include a trust-by-trust ownership breakdown right now?

Mr. Hulsey: Yes.

AUGUST 28, 2002 – HEATHMAN LODGE DAY 2

CALL TO ORDER

Chair Sutherland called the meeting to order at 8:40 a.m. on Wednesday, August 28, 2002, at the Heathman Lodge in Vancouver Washington. Introduced agenda items.

PRESENTATIONS – CHAIR REPORTS

AQUATIC RESERVES PROGRAM STATUS (Handout 1)
Fran McNair: The public knows we're listening to their comments and input. We are managing 2.4 million acres of aquatic lands in a manner which: Ensures environmental protection; Utilizes renewable resources; Ensures public access; and Fosters water dependent uses.

DNR has the authority to create reserves. We have three types of reserves; 1) scientific 2) environmental, and 3) educational. DNR applied authority in 2000 and realized there was no public process and have since implemented it into our process.

Program Development – We have initiated a Three-Phased approach.

PHASE 1 – State Environmental Policy Act (SEPA) Review
Evaluating different approaches and potential impacts.

PHASE 2 - Program Guidance
Developing program guidance based on preferred approach identified in Phase 1. We have four approaches we have identified with potential impacts.

PHASE 3 - Program Implementation
Site specific SEPA review of the existing reserve designation and we have a process in our EIS that talks about how we would go through future nominations.

PHASE 1
Scoping period Fall of 2001. We hosted seven public meetings and four interested party meetings. We processed 1,000's of comments and the primary issues raised during scoping were: Coordination; reserve management; selection criteria; program administration; and economic/financial issues.

The Draft Environmental Impact Statement (DEIS) was issued May 31. It analyzed four alternative approaches including a preferred alternative. We had a public comment period that ended July 8, and we will be responding to all of those comments. I will briefly discuss the four alternatives:

ALTERNATIVE 1 (Preferred Alternative)
Develop and implement an aquatic reserve program to establish and manage aquatic reserves on state-owned lands.
We want to standardize our application process including a biennial cycle to receive and evaluate applications; assemble internal DNR staff and an external ad-hoc panel to review the applications; develop a scientific framework and criteria; site management; intend to designate two per biennium; complete a project-specific SEPA review of the sites and associated management plans for potential reserve areas; Commissioner's Order – potentially we would be designating the reserve for 90 years and this involves a rigorous process. To change designation, size, or function requires a Commissioner's Order; existing sites under this alternative would be evaluated according to identified process. Applications would be prepared by DNR staff and evaluated prior to receiving new nominations.

ALTERNATIVE 2
Develop and implement and aquatic reserve program that relied on existing programs and authorities (external to aquatic lands statutes) to "reserve" aquatic lands.
This alternative would rely on existing programs and actions by other state agencies and other entities to provide the needed protection for aquatic lands. DNR would not designate and manage aquatic reserves. There would be no formal application process so would refer to other entities. There would be no framework for criteria. We would be dependent on other agencies to do the work for us.

ALTERNATIVE 3
Develop and implement an aquatic reserve program that designates all currently unencumbered state-owned aquatic lands as aquatic reserves.

This alternative would establish and manage all non-encumbered state-owned aquatic lands as an aquatic reserve. Lands with "incompatible" use authorizations would not be considered for reserve status and some examples of incompatible uses would be harbor areas and waterways, port management areas, dredged material management program disposal sites, and designated geoduck tracts. No formal application process would be needed, the sites would be determined by DNR. Framework and criteria would be based on ownership and encumbrances. We would complete a project-specific SEPA review of the sites and associated management plans for potential reserve areas. We would generate a Commissioner's Order for the 90-year designation.
Existing reserves would be evaluated based on ownership and encumbrances reviewed under SEPA for site-specific impacts.

ALTERNATIVE 4
Retain existing program without further program development.
This alternative would maintain the status quo and there would be no further development and limited public review of sites and there would be no formal application process. There would be no standard framework or criteria. Reserves would meet a variety of site-specific goals that would be set by the Commissioner. The status of aquatic reserves, including existing, would be at the discretion of the Commissioner.

Affected Environment – how the proposed alternatives may impact the natural and built environments. Under alternatives 1 and 3, impacts associated with restricting uses on some lands may lead to concentration of uses on other lands. Under alternatives 2 and 4, impacts described as "uncertain" due to lack of consistent process and objectives.
Preliminary Results of Draft EIS – Summary findings were of general support for preferred alternatives; integration of public participation throughout the process i.e., nominations, ad-hoc review, and site specific SEPA review; scientific based criteria and evaluation; compliments state-wide effort to build connected system of protected areas; suggested modifications to preferred alternative were simplification of process and clarification of designation term; results to provide documentation for environmental impacts

Phase 2 Program Guidance – This is based on the selected alternative. Will be developed internally and completion is anticipated in the Fall of 2002; will be used by DNR staff to implement the program; will provide detail of program elements; will provide education and outreach strategy for program implementation; will communicate reserve program priorities to the public.

Phase 3 Program Implementation – We anticipate implementation by the Winter of 2003 contingent upon available funding resources; dependent on selected alternative; if the preferred alternative is selected, the existing reserves will be reviewed including site-specific SEPA review; new sites will be considered and reviewed during biennial cycle; and DNR will develop relations with other entities involved in similar efforts.

Are there any questions?

Bruce Bare: Why are there two sites minimum?

Ms. McNair: There are a lot of complex areas that have critical habitat that we may want to enhance or watch carefully. We went with two because we thought that was all we could manage effectively. We need to have the staff and resources to a good job and that's been a problem all along with other properties.

Jim Zuiches: Do we need a motion or a resolution from the Board that this is the preferred alternative?

Ms. McNair: No.

Jim Zuiches: Who is the responsible authority on this decision?

Ms. McNair: The Commissioner. You may indicate that you support our preferred alternative and we would appreciate the input.

RESIDENTIAL USE UPDATE (Handout 2)
We have had several public meetings. We hope to bring this to the Board in October.

The Problem – Existing Statutes and regulations lacked clarity and guidance; there is no specific guidance on residential use of vessels found in RCW's or WAC's; DNR needs clear definitions and guidance or where, and under what conditions residential use is allowed.

Our Solution - Provide definitions for: Residential use; vessels; floating houses including houseboats, floating houses, house barges.

Determine Where Residential Use is Appropriate – Vessels with residential users are authorized in marinas and approved open water moorage and anchorage areas; floating houses are authorized in marinas and open water moorage areas if they meet one of the following conditions: existed before 1984 and are grandfathered in or local government specifically authorizes floating houses in the desired location through their Shoreline Management Program.

Define Conditions for Allowing Residential Use – Marinas must ensure that residential users dispose of all sewage and other solid waste on uplands; marinas must implement Best Management Practices to address gray water waste issues; residential use is limited to 10% of the slips within a marina on state-owned aquatic land.

Differences Between the January and July Proposed Draft Rule - Opportunities to amend 10% limit on residential use; gray water discharges; ability of local government to establish and manage open water moorage areas.

Tools to amend 10% Limit on Residential Use – The draft rules we filed in January had only one mechanism for altering the 10% limit on residential use; this change was made to provide more flexibility for local government to make changes to the limit, either case-by-case or a marina-by-marina basis.

Open Water Moorage – The January rules allow local governments to establish and manage open water moorage facilities, with no link to the Shoreline Master Plan and no restrictions in time. The July version of the rules requires local governments to identify open moorage areas within their Shoreline Master Plans within five years of the effective date of the rules. The January rules required upland disposal of all gray water discharges, however, some boats currently do not have the capacity to comply with this facet of the proposed rules. Other boats could be retrofitted to achieve compliance but with cost and degree of retrofitting would vary from vessel to vessel. Therefore gray water was deleted.

Environmental Protection Provided by Proposed Rules – Prohibits the discharge of any sewage; limits impacts from gray water discharges; limits residential use of 10%; bans residential use in open water unless located in an approved open water moorage facility; restricts open water moorage areas to communities that amend their SMP.

Other Benefits – The rules provide certainty to marina operators and the public, by clarifying where and under what condition residential use on state-owned aquatic lands may occur. Marina businesses will not be required to evict any existing tenants, but through attrition, must work towards compliance with the 10% limits. Rule doesn't take affect until a new lease or a release occurs.

These rules reflect months of collaborative work between the department and the public. The rules will give our land managers the guidance they need to address residential use on state-owned aquatic lands, and bring consistency to our leases. We feel these rules represent a good balance, they protect the resource, and resolve a conflict with the public.

Terry Bergeson: When we go back to the beginning of this issue, there were some citizens that created problems, you had to deal with Ecology, Shoreline Management Acts, and other overlapping entities - what brought this process forward?

Ms. McNair: The prior Commissioner decided that she didn't want residential use so people were going to be evicted. We then decided to do a policy, but there was the concern what when Commissioner Sutherland left office the policies could be changed. We wanted to give people assurance.

Doug Sutherland: What we encountered was a Statute that wasn't clear. Under my predecessor's interpretation, it was believed that no residential use would be allowed and in fact was writing leases that forced the marina operators to evict users of their marina who moored there. So absent any kind of certainty, we were faced with either going to the Legislature to rewrite the rules or go through a process that would enable us to put it into place within the Administrative Code process, which is what we've done. We have taken the time on this complex process to ensure we achieved the results we were looking for.

Ms. McNair: By developing the WAC's, people can now go there and get specific guidance. The region staff will implement this because they are the managers of the marinas and in the South Puget Sound region (as an example) each land manager has over 200 leases they manage and to have specific guidance makes their job much easier and gives them certainty. Their work will be streamlined. One of the big statements being made when our administration first came to the department was that there was no guidance or policy. We wanted to correct that and help them become good stewards of the lands.

HARBOR LINE COMMISSION (Handout 3)
We will be coming to you about a Harbor Line change in La Conner. I wanted to give you some background on what the Harbor Line Commission is all about.

28 harbor areas have been established since statehood. An official Harbor Area consists of a survey plat prepared by the department, approved by the Harbor Line Commission, and signed by the Commissioner of Public Lands. Use of Harbor areas are wharfs, docks and other means of navigable transportation and protecting the public's interest and access. Leases limited to a maximum of 30 years. DNR works with local cities, ports, states, and federal agencies for planning of statewide and long-term harbor management needs. The last Harbor Line change was 1992 (which was also La Conner). So because most of the committee hasn't done anything on Harbor Lines we wanted to give you an overview so when you get La Conner you will know what you're getting into. There are also more on the horizon. La Conner is just the first.

Harbor Line Commission's Role – Review DNR written recommendations; hear DNR presentations and public testimony; visit sites under consideration; consider whether to recommend revisions and direct the Commissioner of Public Lands to take final action.
Terry Bergeson: What is allowed in that harbor? Is this for expansion?

Ms. McNair: You would be moving that area out so people would have more areas for docks. So the key is to look at the navigation. We have commissioned a study in La Conner that's looking at the recommendation - what the community wants including the city and the tribes. Our study will tell us whether it's safe for commerce and navigation and whether it fits with what the community needs and wants.

Why change Harbor Areas? We are running out of space for waterfront development. We need larger, longer docks, we need to build more marinas, we need deeper harbors, etc., we want to accommodate what the people want, which is: Evaluating Harbor Area changes/steps; prepare an environmental assessment of proposal; hold a formal public hearing and solicit comments; incorporate findings into report with recommendations to Harbor Line Commission; process takes one year on average

We hope to bring La Conner to you by the end of the year. In the beginning of the year we received a request from a lessee to expand the harbor area along a portion of the downtown waterfront. The lessee proposes to construct a longer pier and wants to have a larger footprint. In mid-April we held a public hearing in La Conner seeking public input and we have been working with the tribe and the City of La Conner. There are some non-conforming uses, some small floats for boats beyond the outer harbor line.

The Harbor Commission has evaluated the harbor area on two occasions: in 1986 the outer harbor area was extended water-ward to reflect the location existing over-water buildings and floats and in 1993 a minor adjustment was made to the outer harbor line.

Timeline - DNR will conduct a vessel traffic study; prepare a preferred alternative in early Fall; prepare environmental assessment; conduct public hearings on proposal; bring recommendations to the HLC for their consideration by the end of the year.

Proposed Changes to Harbor Area Law – update and better organize 79.92 RCW to allow the Harbor Line Commission review and changes in all state-designated Harbor Areas; as the law has been amended over time, eight communities have been inadvertently left off the list of Harbor Areas that can be changed. We have gone to the Legislature and staff to ask why? No one can find an answer. So we want that to change and to allow those communities to at least bring a proposal forward to see if it makes sense.

Any questions?

Break 9:45

Reconvened 10:00

Doug Sutherland: Introduced Sustainable Harvest Calculation presentation and team. We will be spending the rest of the day discussing the Sustainable Harvest Calculation or as we'd like to refer to is (as in yesterday's discussions) Sustainable Forests and harvests are part of that. We have been working on this for a number of months and the Board has been participating. Today we are looking to have some of the robust discussions that many of you had requested. It is not my intention today to ask you for any kind of position or direction. What I hoped is that we would go through the presentation and then

begin to ask questions because my concern is that we will easily be diverted away from the presentation in its entirety. At the end of the day we should have a good sense, as a Board, where we would like to be. I would like to look to the Board for some kind of direction at the September Board meeting, if not, and there is a need for further discussion, examination, or review, we can do that and try to get some direction at the October meeting. This presentation gives us an enormous opportunity to look at a lot of information that could have an impact on our ultimate decision. I am going to nudge you to come to some sort of determination but at the same time give you the opportunity to examine what it is that we are trying to achieve.

FORESTRY PRESENTATION – SUSTAINABLE HARVEST CALCULATIONS
MODEL ASSUMPTIONS (Handout 4)
PANEL - Angus Brodie, Bruce Mackey, Jack Hulsey, Craig Partridge, and John Baarspul

Mr. Mackey: This is your day for clarification and we wanted to be sure we covered all areas of expertise so we have several staff members here on our panel to answer all you questions. We have a technical committee that has been working on this for a year and a half and we have a good model that's proving to be quite dynamic. We have put together a process where we have had good public input, well-articulated points of view, and feedback from a variety of groups. We have had three primary steps: a well developed model; ran that model on Tiers 1, 2 , and 3; resulting in a sensitivity analysis.

We have developed measures for, economical, environmental, and social aspects. The model is flexible, goal oriented, balanced, and instructive. With this analysis, we were able to take some things off the plate. We want to spend time today on the alternatives. What we ask from you is, have we bracketed the various issues that you want to look at so that at the end of the day, you can pick and choose one of these, several of these, change them, etc. It needs to be your decision. With that, I turn to Angus Brodie.

Mr. Brodie: We have 40 slides and at the end we hope to talk about potential alternatives. We have 5 main topics: 1) Overview 2) Modeling Results (Ties 1, 2, 3) 3) Sensitivity Analysis 4) Conclusions 5) Potential Draft EIS Alternatives.

OVERVIEW
The sustainable Timber Harvest level is required by RCW to be periodically adjusted for changes in Forestland base, forest inventory, policy, and management strategies. The Department mission is to provide professional, forward-looking stewardship of DNR-managed state lands, natural resources, and environment; and to provide leadership in creating a sustainable future for the State Trusts and all Washington's citizens. This recalculation is being developed within the Department's stated goals of meeting Federal and State Statutes, the Trust Mandate, and the Habitat Conservation Plan (HCP) objectives.

MODELING
Sustainable Harvest level is recalculated using a computer model. The value of models and their outputs is that they help to formalize, articulate, and communicate a thought process, identify desired outcomes, and most importantly identify unintended consequences. You are all familiar with the three circles (Slide 7) and their balance. You will notice we have changed one of them to Financial and that is to be more specific about the criteria.

For environmental we have three measures: 1) age class distributions described in the HCP 2) area harvested an indication of the impact or disturbance 3) relative forest diversity, a structure based distribution.

The financial and environmental are criteria that we have a good idea about. The social circle is a set of indicators to give you an idea of some indirect relationships. This is not the complete set. This is the set that we have developed to date. We have put three criteria: 1) school funding 2) harvest levels 3) percentage of forest-land base 20-years and older. We chose 20-years and older because it represents when a forest goes from bare ground into a green forest.

During the scoping process and our public meetings there have been a lot of discussions about other values the forest has such as recreation, hunting, and impacts on rural environments. These are important to the public and to stakeholders and will be addressed during the process. We will not be able to address all of the issues at this time, such as rural impacts, but we hope to in the future.

Terry Bergeson: I want to make sure that after we do all of this that we have money for school construction; that we're not creating an imbalance.

Glen Huntingford: When the HCP was adopted and the environmental review was done, there was a lot of concern from the County that the department didn't have an in-depth review to see how much it would impact some of those communities. I want the opportunity to see an aggressive approach. As a County Commissioner I see examples of lack of balance.

Mr. Hulsey: Many of these pieces will come forward during the DEIS SEPA analyses; some of these potential measures are not available as a direct model output.

Bruce Bare: You're going to add some additional performance measures to the model?

Jim Zuiches: We need to draw some distinctions between our primary impacts to some of these indicators and our secondary impacts. The level of revenue for school construction is a primary impact, and maybe the number of kids that are in poverty in a community might be a secondary impact. It's difficult to measure that given the character of the model and what we're doing. That secondary impact is an issue that DNR really can't analyze. It's a different kind of question that the DNR and their databases that they have at their disposal. I'm giving the model a chance to be played out before I start talking about some secondary impacts that we would want to have introduced. I compliment you at this point for coming up with some very specific indicators

Mr. Brodie: Baseline Scenarios – The Tiers (Slides 9 – 21)

Tier 1) Timber Growth Potential – this scenario represents the growth-and-yield of the current trust forestland base with DNR's current silviculture, but without environmental or social management strategies. This scenario is a hypothetical baseline and if implemented would not meet current Federal and State laws.

Tier 2) Forest Practices – this scenario represents growth-and-yield of trust land management under Federal laws and Forest Practices rules using the Alternative Plan approach. It represents many challenges and uncertainties to modeling due to complexity of interpreting how DNR would manage to avoid "take" of listed species under the Endangered Species Act (ESA). We express the long-term harvest level as a range as we do not clearly know the actual requirements for DNR-managed forestlands without an HCP.

Tier 3) Board of Natural Resources Forestry Forest Resource Plan, Habitat Conservation Plan, and Regulatory Requirements – this scenario represents trust forest land management under only Board of

Natural Resources adopted and approved policies and strategies, plus any current regulatory requirements. This scenario does not represent all of today's operations.

Assumptions – 1) forest inventory data 2) silviculture 3) identification of special management lands 4) sustainable even flow 5) harvest by volume 6) ownership groups 7) riparian/wetland management 8) unstable slopes 9) wildlife reserve trees 10) Northern Spotted Owl 11) Marbled Murrelet 12) threatened and endangered species 13) local operational constraints 14) Olympic Experimental State Forests (OESF) landscape targets 15) OESF riparian management 16) rain-on-snow 17) administrative owl circles.

Some results from the first three baseline scenarios (Slide 15) – as you increase your policy desires and outcomes you will see of lowering of net present value. These scenarios have been useful in terms of telling us, should we regulate by volume or regulate by value.

Terry Bergeson: So you're saying that regulating by value essentially means you follow the market in terms of how you're selecting your harvest?

Mr. Brodie: It's more regulating by the standing value to date or by site productivity.

Bruce Bare: In any simulation model (as this model is) you need to pre-rank the order that stands are going to be treated over time. Mr. Brodie is saying that these three Tiers are ranked primarily on volume priority not on value priority.

Mr. Brodie: In the HCP document, there are six age classes described there.

Glen Huntingford: In the model is there enough information on the market to give us an idea of what the cost would be to implementing the HCP or the Forest & Fish Rules, etc.?

Mr. Brodie: We haven't done that for this analysis. The costs structures used here are based on the 2001 Annual Report.

Jim Zuiches: Does the difference between Tier 2, Tier 3 and net return per dollar expended, is that an indicator of the costs?

Mr. Brodie: Yes. It's looking at financial efficiency.

Glen Huntingford: I think we have all of that information there.

Mr. Brodie: (Slide 15) The last measure from the environmental criteria is relative forest diversity, again this is a structure-based classification.

(Slide 16) Current age class distribution raises interesting policy questions. The HCP describes a desired age class distribution, which is a product of modeling. Is the range the desired result and is age class the best way to describe what we want the forest to look like?

Back to land classes, traditionally we've had two, on-base/off-base. After we ran the three scenarios we realized we have a lot more complex forests here so we need to go back and re-describe what our land base is and we came up with five classes (Slide 18):

1. 100% deferred areas
2. Temporarily deferred areas
3. Riparian and wetland management areas (excluding the OESF)
4. Upland areas and OESF with location specific management strategies
5. Upland areas with only general management strategies

Mr. Brodie identified pieces of pie chart indicating preliminary results for major land classes for Tier 3 (Slide 19).

Glen Huntingford: If I look at what the private forester is facing about 25 % deferred harvest and we're trying to carry out our fiduciary responsibility and we've got 50 % off base harvest, how is that?

Mr. Brodie: These are the questions addressed in the alternatives. What are the Board's desired outcomes and how do we get there. This just gives you a snapshot of Tier 3 only; it is a picture of the landscape taken at a particular point in time, today.

Mr. Hulsey: Our situation is different than many other landowners. Our exposure under the Endangered Species Act is materially different than the average landowner and that's the fundamental reason for being in the Habitat Conservation Plan, to build predictability and certainty. Absent our fact patterns, the proposed solutions and outcomes would be different.
Jim Zuiches: How many acres are in western Washington?

Mr. Brodie: 1.4 million of trust lands.

Mr. Mackey: Commissioner Huntingford is asking the right question, which is indicating that you are beginning to formulate what you want us to model.

Glen Huntingford: I remember discussion with the department where they we're trying to protect other property, in private ownership, that they really didn't have any control over, which took on some unnecessary burdens. I think the HCP was the right way to go and has given us some tools to work with but did we understand the consequences if the department did take on those extra burdens. I can remember having those discussions with the timber counties and Commissioner Belcher, and this was going to be good for the private land owners on the Olympic Peninsula because between the Federal Government and the State Government, they were going to absorb a lot of those impacts, but, did we understand what some of those consequences were going to be.

Mr. Brodie: (Slide 20) Key outcomes to preliminary results for all baseline scenarios (Tiers) 1) long-term harvest levels are maintained 2) majority of the harvest area is in regeneration harvests in the short-term, thinnings eventually make up half of the harvest area 3) standing forest inventories decline in the short-term until they reach a steady level 4) none of the three scenarios match the HCP modeled age-class distribution in year 2100 (Tier 3 is closest).

(Slide 21) Conclusions – EIS Scoping Comments
We received nearly 2,000 comments and we summarized these into four questions: 1) How should DNR manage for conservation benefits? 2) How intensively should DNR manage short or long rotations? 3) How should the harvest be organized, trust-by-trust, small or large aggregate trust groups? 4) How much "older forests" should there be?

Bob Nichols: What do you mean by small or large aggregate trust groups?

Mr. Brodie: At the moment we have ownership groups. You could aggregate these 24 ownership groups into 1 or you could have more ownership groups.

(Slide 23) Summary of the Sensitivity Analysis (All impacts are compared with Tier 3)
Caveats: Sensitivity analysis was prepared to provide an illustration of the relative impacts of a change in one assumption; relative is in terms of direction and magnitude; not in absolute terms.

Ownership Groups: 24 Ownership groups; applied to all three Tiers; define the grouping of trust ownerships on which we apply the sustainable even-flow assumption; follow Forest Resource Plan Policy # 6 direction.

Mr. Brodie explained Sensitivity Analysis Tables (Slides 25 – 31) Ownership Groups; Sustainable Even-Flow; and Rotation Age. At 40-year rotation age we see an increase in revenue but you see a reduction in our possibly desirable environmental goals. When we increase our rotation age we will see a decrease in revenue and age class but an increase in structure. Some of this is without any change in silviculture.

Glen Huntingford: When you look at the rotation ages, where can we plug in the management regime?

Mr. Brodie: These next few slides will show that. Environmental Criteria - relative forest diversity: Forest base classified using a structural and functional definition; area weighted by vertebrate species count; value represents the number of forest development stages different from Tier 1; comparison of forest complexity created by differing scenarios; and greater forest complexity assumes increased ecosystem resilience.

To explain the species piece:
Ecosystem Initiation = a stand regenerated after a harvest or a disturbance such as fire
Sapling Exclusion = lot's of little trees where you have a closed canopy with not much light
Pole Exclusion = bigger trees and a closed canopy
Large Tree Exclusion = even bigger
Understory Reinitiation = canopy starts to open and understory regenerates
Developed Understory = fully developed midstory, bushes, etc., well developed
Botanically Diverse = similar to previous stages but greater diversity to plant species

A stand does not necessarily need to go through each one of these stages. It is not a sequential process.

Mr. Brodie reviewed rotation charts (Slides 34 & 35).

Lengthening rotation age 60 years to 80 or 150 years reduces the available timber harvest; depresses the NPV; shortens time to reach HCP age class outcome; and increases forest diversity.

Key Points – shorten the rotation age 60 to 40 years increases the available timber harvest; increases the Net Present Value (NPV); reduces ability to meet HCP age-class outcome; decreases the forest diversity.

Conclusions & Lessons Learned – Implications for building alternatives: Aggregating the ownership groups could produce significant impacts; NPV, short-term revenue, and conservation benefits; changing the even-flow policy or our interpretation will likely produce significant changes in terms of NPV (marginal changes in conservation benefits); implications for building alternatives are an increase in rotation age decreases the time to reach some HCP outcomes and increases forest diversity but comes at foregone revenue and a decrease in NPV. A decrease in rotation age reduces forest diversity with only marginal increases in NPV.

Recommendations for Policy Questions:
Examine active management strategies that provide conservation benefits and revenue for beneficiaries (how intensively should DNR manage its forests?).
Examine the impacts of aggregation of ownership groups on the trusts and the environment (how is the harvest organized?).
Examine different policy outcomes for older forests (how much older forest should we have on DNR-managed lands?).

Potential EIS Alternatives:
Alternative 1) No action, current operations
Alternative 2) BNR approved forestry
Alternative 3) Management under combined ownerships
Alternative 4) Retain older forest with long rotations
Alternative 5) Shorter rotation with more management
Alternative 6) Biodiversity pathways with variable rotations
Alternative 7) Biodiversity pathways with un-zoned management approach

Lunch Break 12:00

Reconvened 12:45

Mr. Mackey: In looking at the model we have tried to make it instructive so we can begin to see the implications of changing certain variables. The shortfall to that is you hold everything else constant. The real question is, have we bracketed an acceptable range of alternatives for us to proceed forward for you? In this analysis of the seven alternatives we are now taking the next step; instead of pushing one variable. We will move several variables to push the decision space out as much as possible. So, the question for you is, what do you want the forest to look like in the end, and, if you can't decide that today, have we bracketed the possible direction in which this needs to go?

Terry Bergeson: If you put the biodiversity pathway into Alternative 4, could you make the same money and have the same benefit to the trust in having longer rotations?

Mr. Mackey: Yes.

Terry Bergeson: With the feedback from the field is it necessary to do Alternative 4 just as it is?

Mr. Brodie: We would build some specific silviculture for Alternative 4.

Terry Bergeson: Do you think it's important for us to look at that in itself?

Mr. Hulsey: I think what you're asking is, can we provide biodiversity pathways to make it work with Alternative 4? Is that what you're asking?

Terry Bergeson: I think the answer to that is yes. But I'm asking if you want to do it without the biodiversity included in your brackets?

Mr. Partridge: One of the ways of looking at Alternative 4 is emphasizing a societal value around older forests. Alternative 6 is emphasizing an ecological value around complex forest structures that we would

pursue around biodiversity pathways, so if we combined them it would not emphasize that distinction; it might be a useful distinction to retain.

Bruce Bare: Alternative 6 increases flexibility in the harvest flow constraint and is value based model not volume based and those could swap. The way you have characterized them is only a partial difference.

Mr. Mackey: Yes, you have the flexibility.

Bob Nichols: The way Mr. Partridge explained it, there's a distinction between 4 and 6 and it's an important social value and we might want to keep 4 separate.

Bruce Bare: The only alternative that I don't see here that interests me is the trust-by-trust analysis. You had a result from a sensitivity analysis that showed when you ran a trust-by-trust run and then aggregated those results that the net present value and harvest weren't much different than your baseline. How did the individual trust vary between those two sets of runs? That isn't spelled out in 1 to 7 at this time. Is that a mix and match that's possible? Could we look at that?

Mr. Brodie: Currently the policy doesn't give preference to any of the trusts. That question is really for the Board.

Bruce Bare: You must have run it because it came up. We didn't see aggregate differences. I think it's a policy question and that's why I'm bringing it up. I think we need to keep it before us to see how it plays out, but I don't know if we can the way the current matrix is set up.

Mr. Hulsey: Those numbers for the individual trusts will become transparent. They just aren't readily available today.

Jim Zuiches: I was surprised when you did the trust-by-trust analysis in the sensitivity analysis, given all the discussion we had a couple of years ago on what happens when you increase the number of categories and you increase the boundaries for potential harvest. Doing it trust-by-trust means you'll have all of these little pieces scattered all over the landscape and I think that would have a real impact.

Mr. Brodie: I was surprised too. The impact on the individual trusts will be in a band of 25% and the amount varies.

Jim Zuiches: That's going to have a huge impact and it gets to the heart of the matter - our fiduciary responsibility to all the trusts to maximize the overall benefits of the beneficiaries without any negative impacts to one or the other. We might see that one is falling behind then we have to put more resources into it, and I think that might create a problem for us.

Bruce Bare: Back in 1996 these questions were raised and there was a lot of interest at that time and we've never really addressed that. I'm just wondering if this is a policy question that we want to bring up at this time?

Terry Bergeson: Does undivided loyalty to the trusts mean the whole Board has undivided loyalty to each independent trust?

Mr. Partirdge: Do you remember a couple of years ago we had Ernie Rushing come in and talk to you specifically about this question, and what I recall him saying at that time is, yes, you have a separate loyalty to each separate granted trust. That doesn't mean you have to run a separate sustainable harvest

calculation for each trust but you have to satisfy yourselves that however you arrange the ownership groups for calculating the sustainable harvest, that you have in fact exercised that trust-by-trust loyalty.

Bob Nichols: Where is the technical committee that was set up to work with you on the model and how involved have they been recently? Have they had the opportunity to provide feedback?

Mr. Brodie: I've given this presentation to them and they gave me feedback.

Bob Nichols: Is that feedback complete?

Mr. Brodie: Not yet. There's more coming. Members of the technical committee are waiting for us to move into the alternatives.

Bob Nichols: Is there a unitary point of view from the technical review committee in the way this has been outlined?

Mr. Brodie: No. It's a diverse group that we put together specifically so we would get a diverse set of answers.

Bob Nichols: The reason I'm asking is there is a lot of information here and I wondering if it would be beneficial for the Board to have it presented to us.

Terry Bergeson: You have picked the simulation model vs. the optimizing model vs. and there are tradeoffs so you have been able to be more complex with this model, but you have lost specificity to the financial outcomes. Are the people in the technical group comfortable with your choice?

Mr. Brodie: Yes. The technical review committee is not going to address the policy questions, they are going to address the technical issues as to how to achieve the outcomes, once the policy decisions are reached

Terry Bergeson: I think it's important for the Board and members of the public to know the quality of that group. Has the committee put a paper together with their views?

Mr. Brodie: We will arrange to have them speak to you directly at an upcoming Board meeting.

Jim Zuiches: What we would be asking the technical committee is to address the process and some of the issues that deserve discussion, but not the policies.

Bob Nichols: Not being very well versed in this information, it would be helpful to probe what the assumptions are.

Jim Zuiches: I would like to go to the ownership groups, someone mentioned this morning that the reason we went back to the five ownership groups was to avoid the substantial variability in sales levels and get a more even geographic distribution of sales. Do we need a formal policy on that or can that just be a management issue/review?

Mr. Brodie: We looked at that as one of the alternatives.

Mr. Hulsey: If there is an implied or expressed policy objective to provide community stability, by putting a checkpoint on it, you then increase the stability/certainty factor.

Jim Zuiches: We can't guarantee that. We can't give certainty to the mills in a particular region that we're going to be there with timber for them to bid on. If you take all the federal lands out we're still only 18% of the timberland. We're not the dominant player.

Mr. Mackey: Maybe the issue for you to consider is for the federally granted trusts and how those are aggregated and where those revenues go, it's probably much more of a management issue than a policy issue. The forest board lands (the 17 that are in here now) were put in because of a specific request from those counties.

Jim Zuiches: I would respect those 17 counties wishes because they are receiving revenue.

Glen Huntingford: I want to make sure that whatever we do, we don't put staff into a position where they are getting heat from different communities or regions because we made a decision to harvest one amount here and something else over there. However we do this, there needs to be a balance in harvesting levels in different regions.

Terry Bergeson: Where I see the department going, and where I see the Board headed, is trying to find the trust revenues and still keep the conservation benefits. Keeping the forest healthy and diverse is going to be good for everybody. If we look at the un-zoned approach and you do your adaptive management on the ground, how do you monitor that? On the one hand we are trying to get more flexibility and on the other hand we have all of the revenue issues, which takes away flexibility.

Mr. Mackey: That's the policy question.

Terry Bergeson: If we have 17 counties that need to have some kind of calculation to make sure their revenue is consistent, and you try to keep the common school revenue consistent, then you're all over the place.

Mr. Hulsey: Because of the kind of questions that you have and the other questions that have been posed to the Board, we we're suggesting that we do not have a preferred alternative, that we have another year to have additional dialogue both from the advisory group, public hearings, and public meetings to help us assist the Board in selecting or creating a preferred alternative in about 9 months to one year from now. So we're back to the basic question of bracketing. How are we doing with bracketing?

Doug Sutherland: Do you think we have most of the pieces of this outer boundary that we have been targeting? As we go through this EIS review process and we find that there is a policy under one alternative that might align better under a different alternative, do we continue to have available to us the ability to rearrange the alternatives?

Mr. Hulsey: Yes. That's the idea, to cut and paste.

Glen Huntingford: We have 7 alternatives in front of us, are you saying that we should keep looking at these and discussing them for the next 9 months to a year or should we narrow them down to three that we can work with. What is your staff's strategy for getting us there?

Mr. Hulsey: It's both desirable and unavoidable to keep talking about it. I don't think it's necessary to compress the number of alternatives any further at this time because that will force early decision-making.

Terry Bergeson: I don't want any one of these 7. I think there are combinations of things that are what I'd really like to look at. If we had a perfect alternative I don't know how you would splice that together, I don't know what work that would entail. Maybe 6 or 7 is what I'm looking for. Will you be bringing a 6 or a 7 to the Board all filled out over the next few months?

Mr. Hulsey: As we go through the EIS there will be a full articulation of each of the 7 alternatives.

Doug Sutherland: Can we mix and match? That is key to us. If we have each of the basic policies identified then we are in a position to move ahead with specificity. If we don't have that and we look at all of the parts and pieces, then we can identify something that may be missing. If that's the case then we need to add the missing pieces.

Terry Bergeson: When we move ahead with specificity, what does that mean, what will I see?

Mr. Brodie: Models for each of these alternatives, then we would run them, we would bring the results back to you, then initiate the EIS.

Terry Bergeson: How long will it take to run each one?

Mr. Brodie: 2 to 3 months.

Mr. Hulsey: This information will be a component to the Draft Environmental Impact Statement (DEIS).

Terry Bergeson: The interaction with the DEIS, say on #6, you would build on # 6 and the EIS would happen on that model. So you have to build 6 before you can do the EIS?

Mr. Brodie: Yes.

Terry Bergeson: We would want to get a sequence of when you were building these. How long would it take to put that together?

Mr. Brodie: If these alternatives address all of the policy questions that you want to address and we capture the range, then Alternative 2 is built, Alternative 1 we're building and will hopefully be finished soon. Alternative 3 is done as well. The ones that need to be worked on and built are 4, 5, 6, and 7. We are anticipating it will take us a couple of months to get through that.

Terry Bergeson: At the October meeting we might see a couple and at the November meeting we might see a couple?

Mr. Brodie: Yes. What would help me is to know what you need to see to help them come forward.

Terry Bergeson: I am willing to say yes today to your primary question. What I really don't understand is once we start to look at the full-blown model, maybe we could see things shifted around one at a time or two at a time, not all at once.

Glen Huntingford: The next step is that you are going to run a model, and we are in agreement, and then are you going to start the EIS,

Mr. Brodie: Yes.

Glen Huntingford: What if I come back and I think it is a combination of 6 and 3. Will you have to go through the EIS process again on that one?

Mr. Mackey: You do a draft EIS and then you pick a preferred alternative and then you complete the final EIS.

Terry Bergeson: Are you learning on the EIS as you go through all these pieces so when you do a final you have already done a trial?

Bob Nichols: That happens later. We get public comment, talk about it some more, lay out the alternative, and send it out as a final. Is that correct?

Mr. Hulsey: We start the DEIS without a preferred alternative: the DEIS alternatives will bracket the array of policy alternatives that are acceptable to the Board. Subsequently the DNR will not write the seven DEIS's we will write one DEIS that analyzes all seven DEIS alternatives. Then as we learn more as we go along with the EIS steps and have more opportunity to interact with the technical review committee and hear testimony and meet with the interest groups, then the Board will select an alternative. That will then go into a final EIS.

Terry Bergeson: 2 & 3 are done, so if we said go forward, these are done, then you would start an EIS that address 2 & 3.

Jim Zuiches: You don't have to do an entire EIS for each alternative.

Terry Bergeson: So the EIS can't start until you get all 7 models built?

Mr. Hulsey: Correct in the sense that the EIS can't be completed until the models are built; however, we can do some work that's parallel but not sequential.

Doug Sutherland: Have you captured this idea in some kind of graphic presentation so that at our next meeting the Board can look at this and gain closure on what we're attempting to do and see if there is concurrence? I am not going to ask the Board to make some kind of directive today. We will do that at a regular Board meeting so we have the opportunity to get public input before hand. The purpose of the retreat was to have a good discussion and not have any kind of conclusion although I think we're close to that.

Glen Huntingford: Make it an action item on the agenda. Giving the public a chance to comment before that action.

Jim Zuiches: I got a copy of the SEPA handbook from Ecology. There may be some procedural differences to how DNR applies this but this is a paragraph that I think we are grappling with, "it is not necessary to evaluate every alternative iteration" "selecting alternatives that represent the range of options" "provides an effective method to evaluate and compare the merits of different choices" "the final action chosen by decision makers need not be identical to any single alternative in the EIS but must be within the range of alternatives discussed." I think we're right on track with this process.

Terry Bergeson: I would like a more precise picture of the revenue that gets produced and looking at some ways to get more precise. It could mean millions of dollars difference. I am very interested in diverse, healthy, and wonderful ecosystems, but I am also very interested in dollars for our common school trusts. What revenue we're producing. We are in a time of terrible economics and the financial

tradeoffs are not really being discussed here. I don't want to get to our preferred alternative and not be able to afford it.

Bob Nichols: The name switch in the three circles, from economic to financial. Why did you make that switch?

Mr. Brodie: We wanted to make sure the audience understood these criteria is a set of economical criteria but the ones we're presenting today are financial.

Bob Nichols: My concern is that is appeared that there is a double counting system here. I tend to think of the social as something else and it's something that we've been discussion for the last 6 or 7 years and it's a Lake Whatcom type of problem. That's how you define the social values and how are we capturing that. So my question is, does the social circle really capture what we've been asking about, talking about, and worrying about as far as the future of the trust lands over the next few decades that we all see coming?

Terry Bergeson: You were going to come back to those circles but we really never got there. I get very worried about the narrowness of the financial/economic circle, that's our fiduciary piece.

Bruce Bare: I am concerned about fiduciary responsibilities as well but I think we need to have the model incorporate as many more environmental metrics as well.

Terry Bergeson: I think it's interesting to think about the policies and laws as part of our social piece because they came through societal impact on the Legislature or on this Board.

Jim Zuiches: I'm glad you brought the social issue up. In terms of Lake Whatcom, when you have your pie chart all separated out in land classes, where does the acreage fall? Is that temporarily deferred in that piece of pie or in the upland with location specific management?

Mr. Brodie: In Tier 3.

Jim Zuiches: Currently it's deferred? It gets at the issue of, how do we treat forested land that is part of someone's watershed and that's a social issue and will have potential legislative action taken if we don't consider it in our modeling. Blanchard Mountain and Tiger Mountain are examples.

Mr. Brodie: Many of those are modeled in Ties 3 and we captured those in what we call local operational constraints. We went to the regional offices to determine these areas and issues.

Jim Zuiches: But it doesn't show up in the output areas and goals.

Mr. Brodie: Most is in the "local operational constraints."

Glen Huntingford: Lake Whatcom as an example, as DNR is being asked to look at cumulative effects. We keep absorbing the costs for protecting those areas and other landowners don't have to absorb that. If we're looking at the trust side of it, why do we do that? We are all talking about trying to do the same things we have been doing yet how is Commissioner Sutherland going to run his office, how are you all going to have jobs, when the base we are working from is going down and we don't have any return from timbers that are off-base? Should we be getting reimbursed for the things we are setting aside?

Mr. Partridge: That question has been in front of us collectively.

Glen Huntingford: If that's what the public prefers, can we still meet our trust responsibilities by absorbing that?

Bob Nichols: If you don't get the resolution at the September 3, Board meeting does that mean you have to stop work until the October Board meeting?

Mr. Mackey: Yes.

Bob Nichols: This is very dense and we've had some good discussions so far. Before we make that kind of decision it would be good to ask more questions, let the public provide feedback, etc.

Terry Bergeson: I would like to provide direction on Tuesday. Not to say that nothing else can get it. It is going to be October or November of next year before this will be ready for a stamp of approval. But I think this needs to move forward, but as Mr. Nichols stated, it needs to be open for additional feedback and changes.

Jim Zuiches: I agree that we need to hear from the technical committee.

Bob Nichols: We have been continually asked, is everything in the circle, and I can't answer that now. I need to talk to agency staff, technical staff, etc. If we need to move forward, yet the process remains open for further input, then I think we're okay to move ahead on Tuesday.

Jim Zuiches: Have other agencies such as Ecology and Fish & Wildlife been a part of the scoping process?

Mr. Hulsey: Fish & Wildlife is on the technical committee. We had a briefing with an agency executive just last week.

Mr. Mackey: The technical committee is going to help us reach the goals that we want so we need to be prepared to say that we have bracketed properly.

Mr. Partridge: The SEPA asks us to disclose to you and to the public, a certain amount of information in an organized way. We are trying to get closure around this range of alternatives so we can go to you and the public with a draft EIS and disclose the full range of results that the SEPA directs us to. We would like to do a Draft Environmental Impact Statement only once and have the full range of environmental impacts to disclose. That's why we're asking for closure now.

Terry Bergeson: That's why we are asking you to do more before you draft your EIS. I might ask you to add something to these models. Then come to a preferred alternative.

Bob Nichols: This is where I'm getting confused, the panel wants closure but this is a lot of material and I want to know what we're closing off and what we're leaving open. You also want closure from us at the September 3, Board meeting and I am still not sure what that means.

Doug Sutherland: Let us have this available at the September 3, meeting and have public comment. Then we can decide if this is a place for us to get started. In the October meeting we will have an update as well as comments from the technical committee. We will not be that far down the road in October that we can't add something that we didn't already identify. I'm not going to shut the door.

Terry Bergeson: If they're building models that's a lot of work and I want to get at it.

Mr. Hulsey: The department will come to the October meeting with communication and project milestones. We will lay that out with specificity in October.

Terry Bergeson: Thank you to the staff for the quality of work you have done. I am impressed with the work and efforts of the department. Yesterday was a wonderful learning opportunity on the ground and helped us put these things into perspective.

Doug Sutherland: I think when this is all put together we will be so much further ahead with how we are going to make this system of grant lands and forest board lands work in multiple ways. We will be further ahead than ever before. I don't think any of us had a full understanding of the bite that we took off and it's been an incredible learning experience for all of us.

Adjourn 2:35

Approved this ____ day of _____, 2002

_____

Doug Sutherland, Commissioner of Public Lands

_____

Bob Nichols for Governor Gary Locke

_____

Bruce Bare, Dean, University of Washington

_____

James Zuiches, Dean, Washington State University

_____

Terry Bergeson, Superintendent of Public Instruction

_____

Glen Huntingford, Commissioner, Jefferson County

Attest:

_____

Maureen Malahovsky, Board Coordinator